

MEMORANDUM

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TO Harold Wittren, Manager, Waterfront Real Estate
FROM Keith Christian, Environmental Affairs Specialist
SUBJECT CHEMPRO LEASE PROVISIONS

I understand that Chempro is interested in negotiating a long term lease for the Piers 90/91 tank farm. If that is so, there are a couple of items which should be kept in mind relating to lease conditions.

1. Chempro has in the past allowed the facility to get quite "dirty" as a result of its operating methods. A July 8, 1974, memo (Akerman to Ljungren) and a July 24, 1974, memo (Christian to Ljungren), copies of which are attached, both address that problem. We should be sure that a new lease contains specific provisions requiring Chempro to run a "clean" operation. Those provisions should be rather specific in terms of the standard of cleanliness required. A general requirement would likely be inadequate. Ned Akerman, Senior Engineer, might be very helpful on this.
2. The Port has recently been held responsible for several oil spills caused by breaks in the oil lines running under the pier from the berths to the tank farm. The question (mentioned to me by Jim Rice) is whether or not Chempro should be made responsible for the condition of those lines, as well as for the tank farm itself. If no other users of those lines are anticipated, perhaps Chempro should be asked to shoulder that responsibility.
3. The general environmental provisions in the existing lease should be reviewed to be sure they are adequate in light of current environmental laws and regulations. In particular, the requirements for oil spill prevention and control plans should be specifically mentioned as a Chempro responsibility, if not already mentioned in the existing lease.
4. There is an international (IMCO) convention, not yet ratified, which is intended to limit the discharge of oily water wastes into the ocean from ships. The result may be that in a few years ports will have to provide reception and handling facilities for increased volumes of such wastes. We should somehow ensure that the tank farm will be available to accept and reprocess oily water wastes from ships to whatever extent is necessary in the future. Chempro would probably be quite willing, even eager, to do this work at the present time.

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However, we should maintain some leverage (short of having to cancel the lease) on this issue in case it later turns out to be more profitable for Chempro to do other things than to reprocess oily water wastes from ships. This may turn out to be no great problem, but we need to keep an option open on this if Chempro is granted a long term lease.

kc
66/04

cc: Yoshioka
Rice
Akerman